

Message Text

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SUBJECT: PRODUCT OPPORTUNITY - CONTAINER HANDLING TRANSFER
 CRANE FOR PORT OF KAOHSIUNG

REF: (A) TAIPEI 8144, (B) STATE 300648

1. AFTER OUR INITIAL INQUIRY IN RESPONSE TO A TELEX FROM HARRY E. GREENWOOD REPORTED REF (A) AND UPON RECEIPT OF REF (B), COMMERCIAL ATTACHE CALLED ON I.S. SUN, GENERAL MANAGER OF CENTRAL TRUST OF CHINA (CTC), REGARDING PACECO BID ON CONTAINER TRANSFER CRANE FOR KAOHSIUNG HARBOR. SUN SAID HE WAS FULLY INFORMED ON THE CASE BECAUSE OF A PROTEST LODGED BY TATUNG, PACECO'S TAIWAN AGENT. ACCORDING TO SUN, PACECO'S BID WAS GIVEN LOWER PRIORITY BECAUSE IT DID NOT CONFORM TO SPECIFICATIONS AND SALES AGREEMENT TERMS. THE DETAILS OF THIS DECISION WERE CONTAINED IN A LETTER FROM I. S. SUN TO T. S. LIN OF TATUNG DATED DECEMBER 11, 1976. CTC SAID THEY WOULD ALSO WRITE PACECO. ACCORDING TO SUN, THE NEGOTIATION OF PEINER'S BID WAS MADE SUBSEQUENT TO ASSIGNING PRIORITIES TO BIDS, AND IS A STANDARD PROCEDURE. AS FAR AS WE CAN TELL, CTC IS TECHNICALLY CORRECT IN ITS EXPLANATIONS. PACECO'S EFFORTS TO REVISE ITS BID WERE NOT, ACCORDING TO CTC, IN ACCORDANCE WITH CTC INSTRUCTIONS FOR BIDDING.

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2. COMMERCIAL ATTACHE RAISED THE ISSUE OF A LARGER, FUTURE PROCUREMENT AND WAS INFORMED BY SUN THAT THE RESULTS OF THE PRESENT TENDER DID NOT PRECLUDE PACECO FROM FUTURE SALES. WITH REGARD TO A PREFERENCE FOR U.S. EQUIPMENT, SUN POINTED OUT, CTC HAS NO POLICY ROLE, BUT ONLY TECHNICAL AUTHORITY TO ADMINISTER BIDS. ONLY THE BOARD

OF FOREIGN TRADE OF THE MINISTRY OF ECONOMIC AFFAIRS CAN PUT AREA OR COUNTRY RESTRICTIONS ON A TENDER. ANOTHER POSSIBILITY SUN MENTIONED WAS FOR PACECO OR ITS AGENT TO CONVINCE THE KAOHSIUNG HARBOR AUTHORITY TO REQUEST A NEGOTIATED BID WITH A U.S. SUPPLIER FOR FUTURE PROCUREMENT IN WHICH CASE IT WOULD NOT HAVE TO GO TO AN OPEN TENDER. THIS INFORMATION HAS BEEN GIVEN TO TATUNG. FYI CTC AND TATUNG GIVE DIFFERENT STORIES WITH REGARD TO THE HARBOR AUTHORITIES PREFERENCES, THE FORMER SAYING THE HARBOR AUTHORITY WANTED THE GERMAN EQUIPMENT, THE LATTER SAYING THEY PREFERRED PACECO CRANES.

3. IN RESPONSE TO SECOND TELEX FROM GREENWOOD CONTAINING ALLEGATIONS THAT PEINER BID DID NOT MEET SPECIFICATIONS, EMBASSY APPROACHED KAOHSIUNG HARBOR AUTHORITY WHICH WAS MEMBER OF THE SCREENING COMMITTEE ON BIDS. HARBOR AUTHORITY ADMITTED DISCREPANCIES IN PEINER BID, BUT SAYS THESE JUDGED MINOR AND PEINER GIVEN PRIORITY OVER PACECO.

4. AS THE CONTRACT IN QUESTION HAS BEEN AWARDED, AND THE EMBASSY HAS BEEN GIVEN EXPLANATIONS IT IS IN NO POSITION TO REFUTE, IT APPEARS LITTLE CAN BE DONE TO SAVE THIS BID FOR U.S. FIRM. WE WILL WORK CLOSELY WITH U.S. FIRMS AND KAOHSIUNG HARBOR AUTHORITY IN EFFORT TO SECURE FUTURE PROCUREMENTS FOR U.S. FIRMS. UNGER

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